

# **NAVY INTERNATIONAL PARTNER DAY**

## ***Reexamining Reinvention within the DoN***

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3 March 2004**

# Topics for Discussion

- A Brief History of Reinvention
- Making FMS More Competitive in an International Sales Environment
- Improving Customer Participation
- Enhancing Partnership

# A Brief History of Reinvention\*

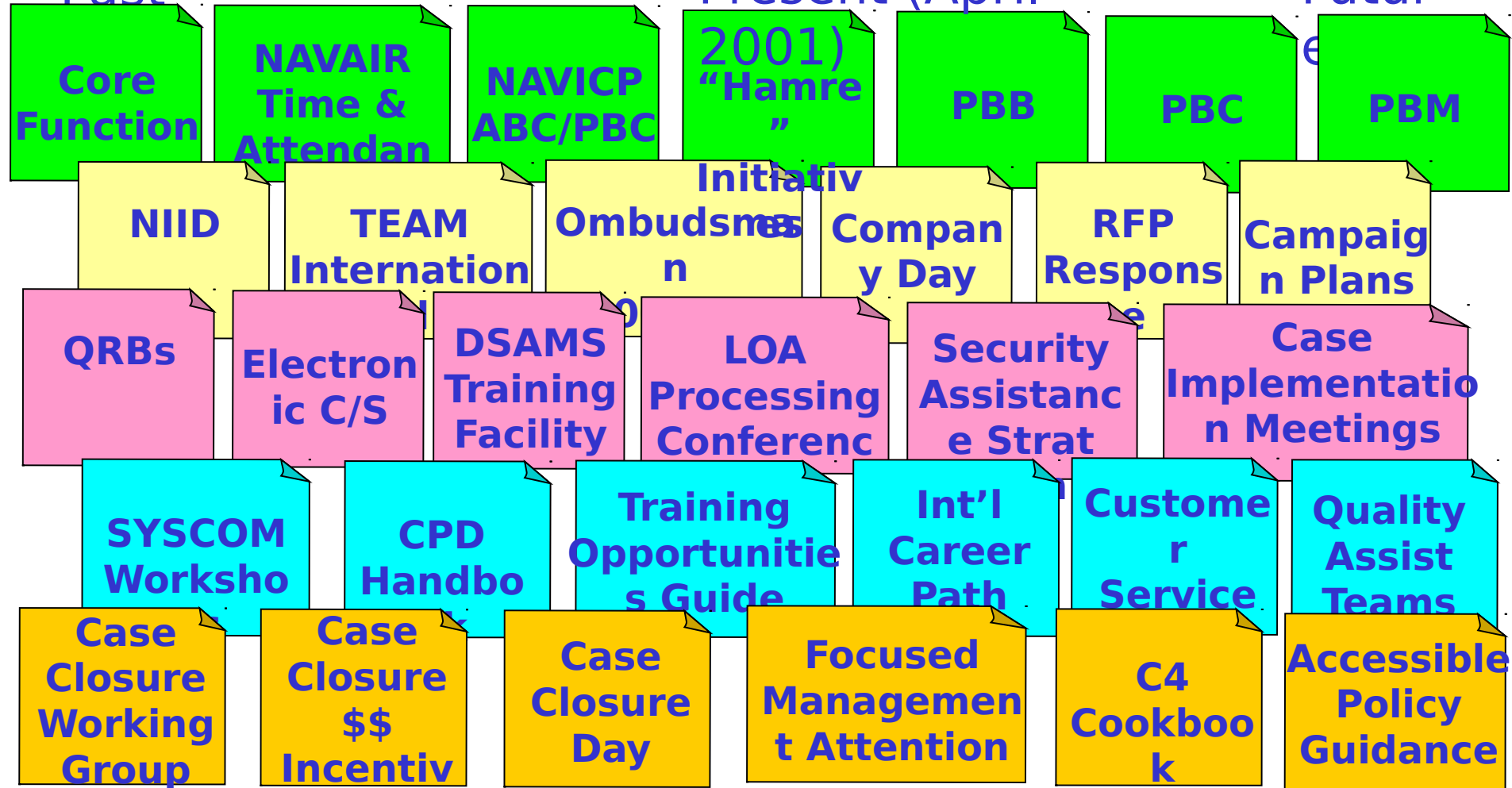
- Mid-1990's Countries shying away from FMS, best equipment in the world, but....
  - Complaints of missed commitments
  - Seeking alternative (non-US) sources
- High Level DoD recognition of importance of FMS
  - Interoperability
  - Cost avoidances/reduced costs
- Navy IPO-Industry-International Dialog
  - FMS Reinvention Phase I (1998): 3 categories/126 issues
  - SECNAV Designation as a Reinvention Lab
  - FMS Reinvention Phase II (1999): 12 Task Groups





# Security Assistance Innovations

Past ← Present (April 2001) → Future



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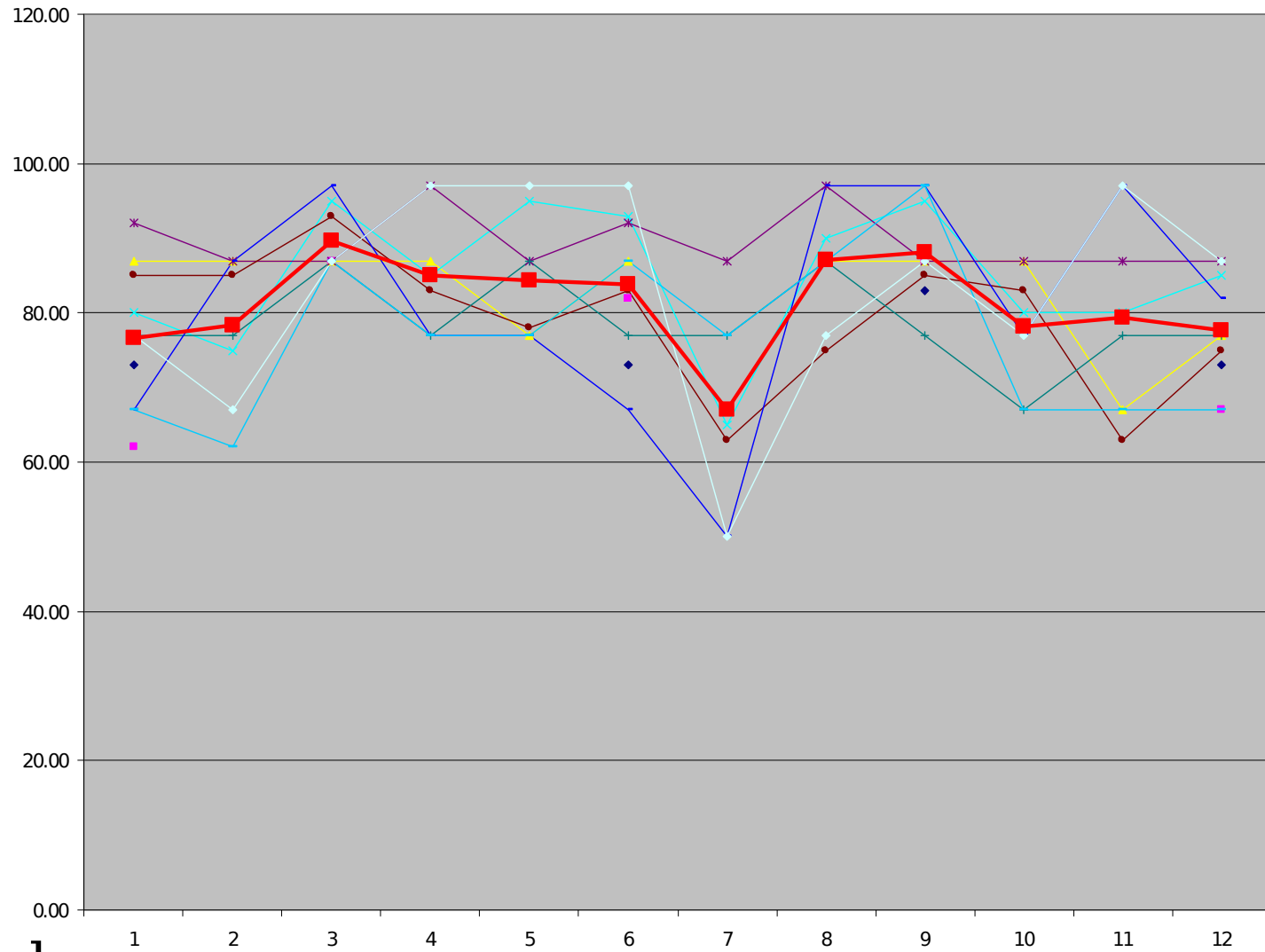
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# Reinvention Report Card

## (Unscientific Survey of 10 People at IPO)

Develop IP Strategic Business Plan	C	Establish rules to manage FMS Reserve	D
Publish Guidelines for IPT Use, "Five Step Process"	C	Improve Service to the Customer	B
Strategically Partner with Industry	B	Promote active involvement of industry and customer	B
Improve Price and Visibility of FMS Process	B	Publish "Best Business Practices"	C
Partner with others to streamline Case Closure	B	Study consistent application of PM Lines	C
<p> <math>A = 93 - 100</math>, <math>B = 83 - 92</math>, <math>C = 73 - 82</math>, <math>D = 63 - 72</math>, <math>F &lt; 63</math>            Pursue FMS, MOD, DCs combination            26 February 2004         </p>	B	Continue efforts to improve the USG disclosure process	C

# Reinvention Results



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# What Can We Do to Make FMS More Competitive or...

**Why Can't an FMS transaction Be More Like a DCS transaction?**



# Instituting Internal Business Practices

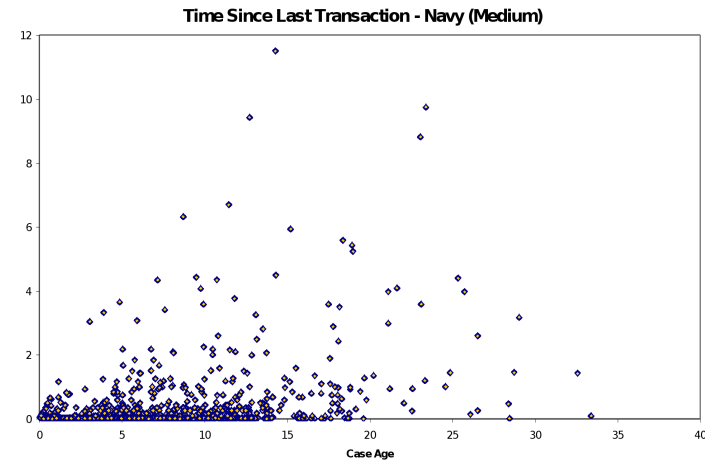
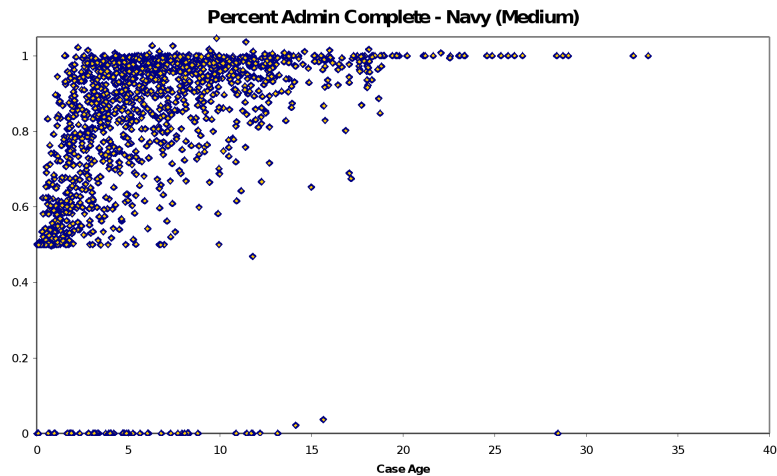
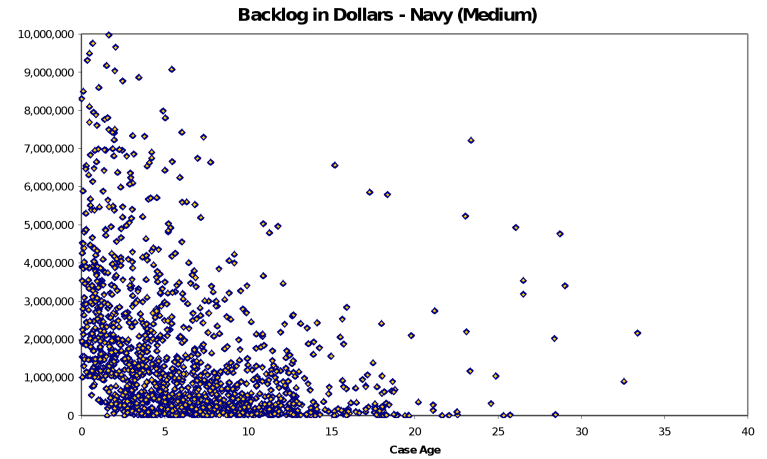
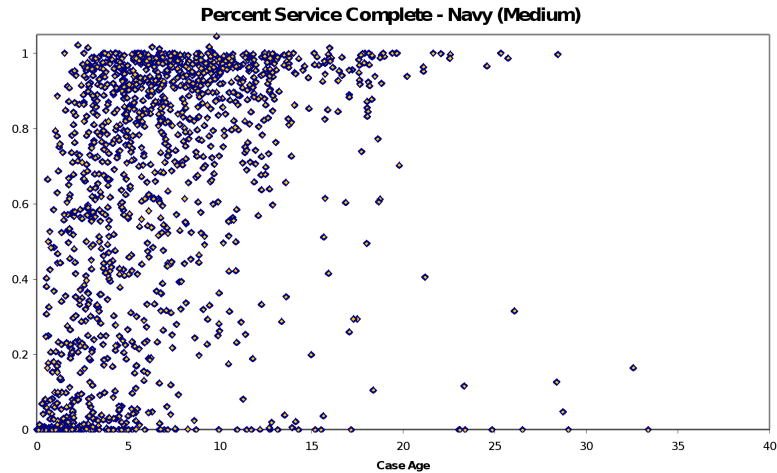
- Error Rate Reporting
  - Identifying Common LOA errors
  - Error rate decreased 83% (Mar-May) to 76% (Aug-Dec)
  - Errors per case (EPC) dropped during same periods from 2.6 EPC to 1.2 EPC
- Streamlining Processes
  - Pilot Program with NAVAIR on Blanket Order Service Cases reduced processing time by 42% (83 days for control cases to 48 days for test cases).



# Instituting Internal Business Practices, cont.

- Leveraging Investments in FMS Systems
  - Performance Based Costing (PBC) and Budgeting – DoN leading the way in using PBC to identify and mitigate unnecessary costs
    - Published PBC FY 03 Report to improve cost awareness
    - PBC data is foundation for decisions and insights into how we fund our work and which activities cost the most
    - Look at country by country level of service or cost
  - Developing unit cost and benchmarks for key outputs (LOA, Case Closure, etc)
    - Data Mining Defense Integrated Financial System and DSAMS for insight into workload
- Case Execution Performance Tool now a formal part of Case Manager duties
  - Improved our insight into case financial and logistic problems that affect all case managers

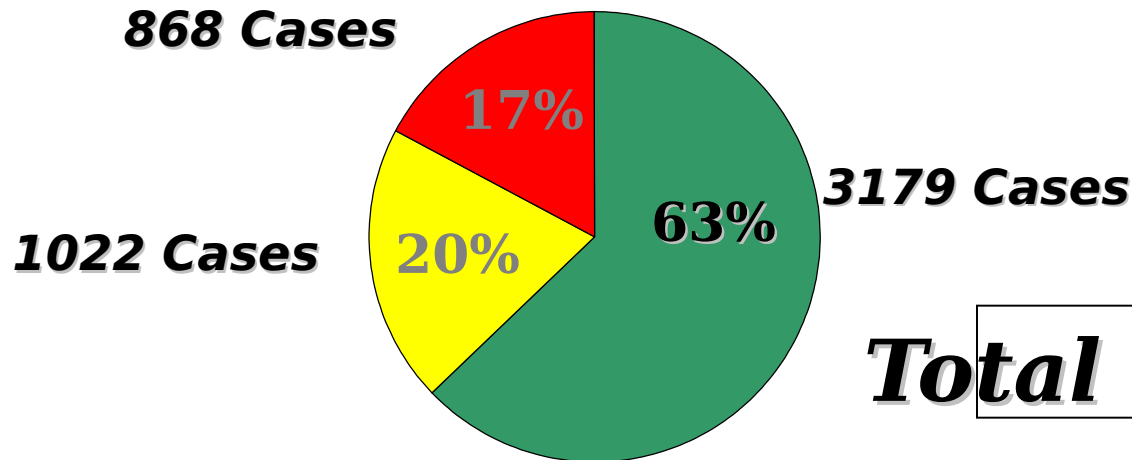
# Instituting Internal Business Practices, cont.



# Instituting Internal Business Practices

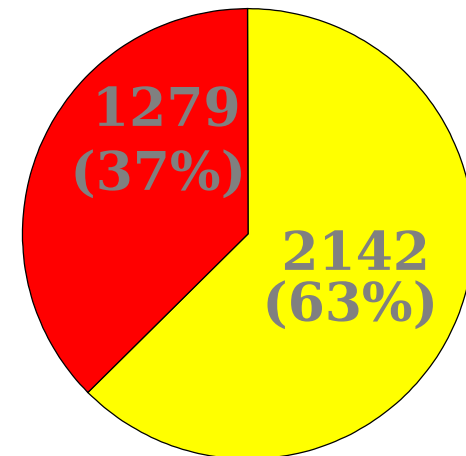
**Total Cases 5069**

**As of 30 Jan 2004**



**Total Violations 3421**

- Case Execution Performance Tool monitors health of each case
  - Current pilot: NAVICP
- 26 February 2004
- portion accessible to SAFRs



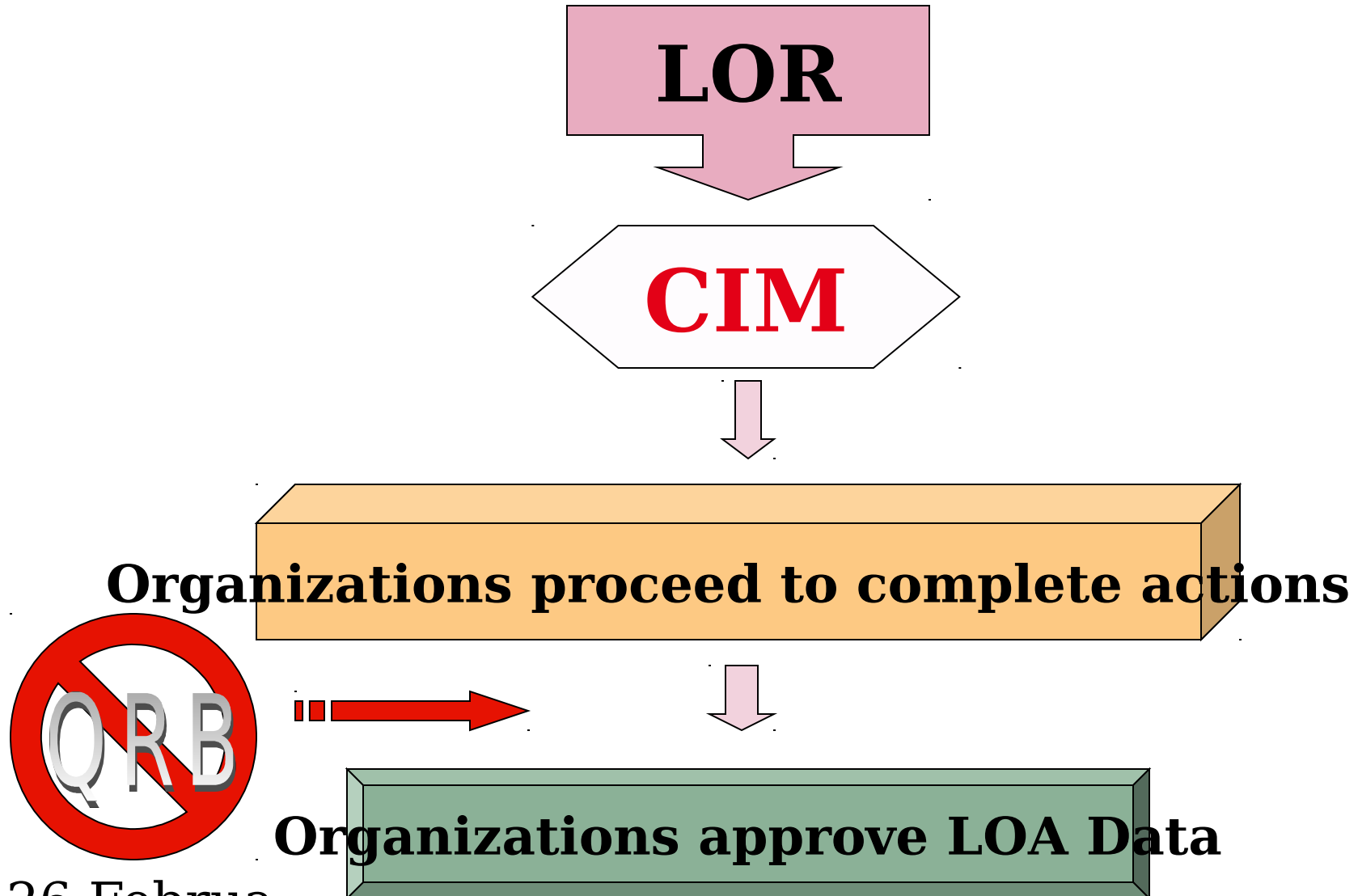
# Training Our Workforce

- International Affairs Career Training and Development
  - Certification Program
    - 647 eligible
    - 213 certified
  - Intern Program
    - Leveraged DoN Acquisition Intern Program
    - No cost to Security Cooperation Community
    - FY03: Two Interns aboard
    - FY04: Three Interns Planned
  - Graduate Education Program
    - Tufts Global Master of Arts Program
    - 7 DoN Students

# How Can We Improve Customer Participation?



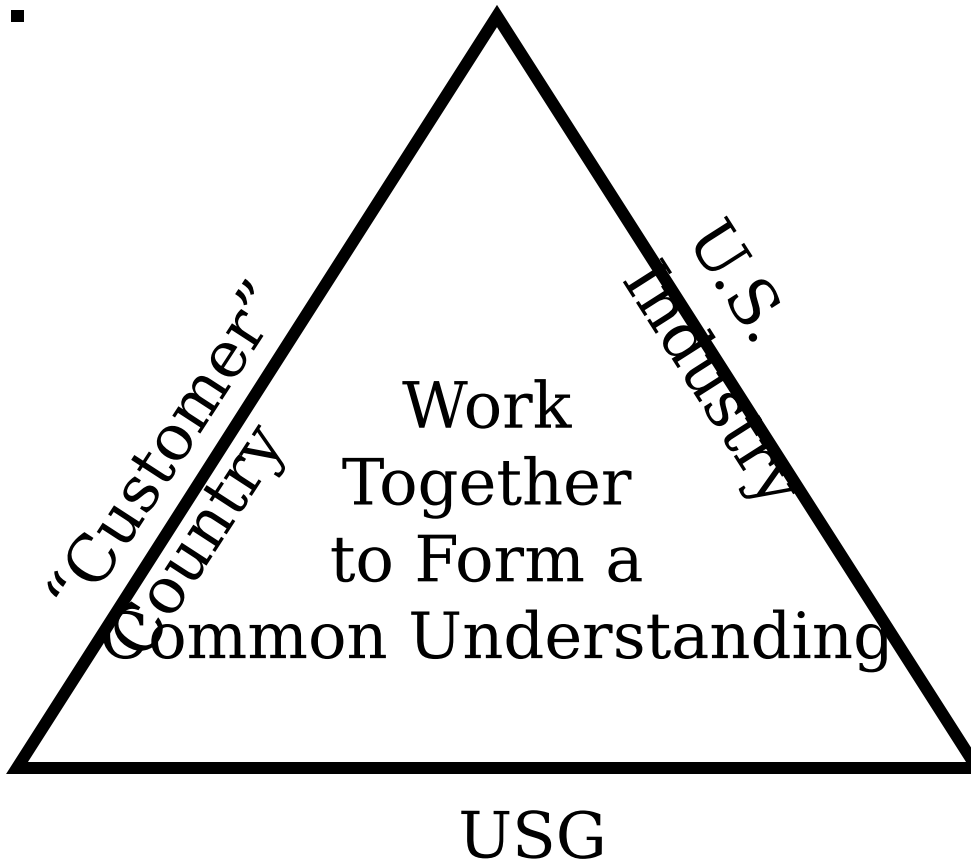
# Case Initiation Meeting (CIM)



# CIM Benefits

- **Provide early opportunity for all parties to establish assumptions, clarify requirements, identify problems, and create POA&M**
- **Concept of this approach previously approved by SYSCOMs, codified, and successfully tested.**
- **A successful CIM can usually avoid a Quality Review Board (QRB) - resource neutral**
- **Constitutes about a third of all Defined Order Cases for Systems**
- **Travel for the purpose of Face-to-Face meetings reduced with use of VTC**

# Communications

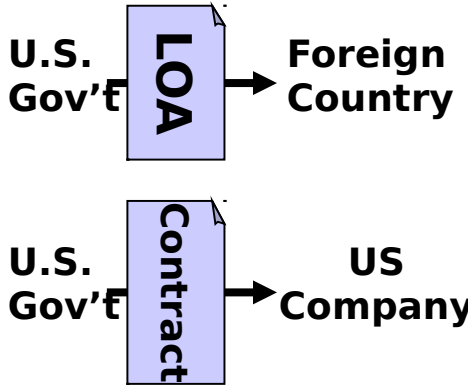
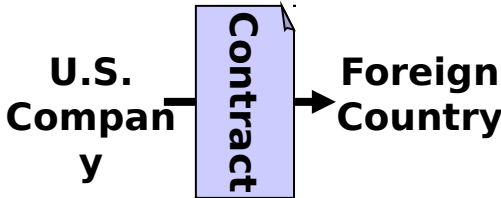




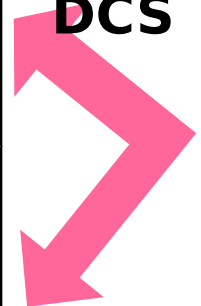
# Have We Enhanced Our Partnerships?



# USING THE PROPER TOOLS: FMS, DCS, OR HYBRID ARRANGEMENTS

	Gov't Role	Contractor Role	Foreign Customer Role
<b>FMS</b>	 <p>U.S. Gov't → <b>LOA</b> → Foreign Country</p> <p>U.S. Gov't → <b>Contract</b> → US Company</p>	<b>Works for U.S. Gov't</b>	<b>Negotiates LOA with US Gov't</b>
<b>DCS</b>	<b>Reviews Export License Releasability</b>	 <p>U.S. Company → <b>Contract</b> → Foreign Country</p> <p><b>Works for Foreign Country</b></p>	<b>Negotiates contract with US company</b>

**Hybrid = Part FMS, part DCS**



# HELPING INDUSTRY AND OUR FOREIGN CUSTOMERS (Examples)



Sikorsky S-70B: Worked with COCOM to obtain support for demonstration to Singapore.

AEGIS: Demonstration to Senior Leaders in Norway made the difference for a “hybrid” sale.

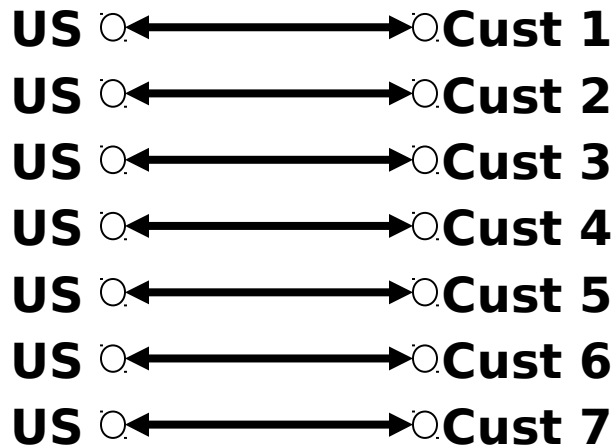


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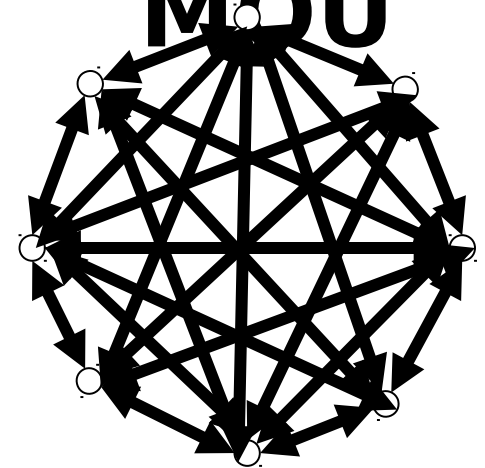
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# Adding Tools to Transform our Relationship on F/A-18 Common Upgrades

## Bilateral FMS



## Multilateral MOU



# **Specific Example Areas Where We Need FPG Help**

- Proper documentation requirements for shipments
- Participate in Processes Related to:
  - Case Initiation Meetings (CIM)
  - Contract Development
  - FMS Case Execution
  - Financial Management
- Evaluate Utility of CEPT at NAVICP

# Required Shipping Documents

- DSP 61: Application/license for Procurement Export of Unclassified Defense Articles and Related Unclassified Technical Data
- DSP 73: Application/license for Temporary Export of Unclassified Defense Articles
- DSP 83: Non Transfer End Use Certificate
- DSP 85: Application/license for Permanent Export or Temporary Import of Classified Technical Data and Defense Articles
- DSP 94: Authority to Export Defense Articles and Defense Services Sold under the FMS Program. Must be accompanied by an approved LOA.
- DSP 119: Application for Amendment to License for Export or Import of Classified or Unclassified Defense Articles and Related Technical Data.
- Shippers Export Declaration
- An Approved Transportation Plan with copy of Approved LOA when shipments include classified material

# A Challenge to All

- Continue striving toward
  - Better Communication
  - Increased Participation in the process of international programs
  - Mutual cooperation in problem solving
  - Upholding ultimate goal of foreign customer satisfaction
  - Process improvement feedback – good and bad
- Continue lobbying or systemic improvements

**Your Involvement Does Make a Difference!**